

March 27, 2009

**VIA HAND DELIVERY AND EMAIL**

Mary L. Cottrell, Secretary  
Department of Public Utilities  
One South Station  
Boston, MA 02110

**Re: D.P.U. 09-03**

Dear Secretary Cottrell:

On behalf of Fitchburg Gas and Electric Light Company d/b/a Unitil, Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid, NSTAR Electric Company, and Western Massachusetts Electric Company ("WMECo"), I am enclosing our proposed model net-metering tariff (the "Model Tariff"), pursuant to the Department's March 6, 2009 order in the above captioned matter. In addition to a clean version of this tariff, we are including a redlined version to show proposed changes from the proposed regulations issued by the Department of Public Utilities (the "Department") in D.P.U. 08-75, or additional provisions not specifically referenced in the Department's proposed regulations.

As briefly outlined below, the Model Tariff addresses nine issues outlined by the Department in the Tariff Order. D.P.U. 09-03, at 2-3.

- **Interconnection Issues (Items 1, 2, 4, 5, 8)**

The Tariff Order requires the model tariffs to include terms and conditions governing: (1) the procedure for requesting net metering services (Item 1); (2) the information that distribution companies may require in a request for net metering services (Item 2); (3) the manner in which distribution companies process requests for net metering services, including a timeline (Item 4); (4) metering and technical requirements (Item 5); and (5) termination of net metering services. D.P.U. 09-03, at 2-3. Section 1.02 of the Model Tariff addresses each of these items by incorporating by reference the Company's Department-approved Uniform Standards for Interconnecting Distributed Generation. See Distributed Generation, D.T.E. 02-38.

- **Qualifications for Neighborhood Net Metering Facilities (Item 3)**

Section 1.03 of the Model Tariff addresses terms and conditions governing this issue.

- **Calculation and Recovery of Revenue Losses (Item 7)**

The Tariff Order requires the model tariffs to include terms and conditions governing the calculation and recovery of revenue losses attributable to net metering pursuant to G.L. c. 164, § 139(c). D.P.U. 09-03, at 3. Section 1.07 of the Model Tariff addresses this issue.

- **One Percent Cap (Item 9)**

The Tariff Order requires the model tariffs to include terms and conditions governing the closure of the tariff to new customers once the one percent limit on net metering capacity is reached. D.P.U. 09-03, at 3; see G.L. c. 164, § 139(f). Section 1.08 of the Model Tariff addresses this issue.

- **Administration and Allocation of Net Metering Credits (Item 7)**

Lastly, the Tariff Order requires the Model Tariff to include provisions governing administration of net metering credits, including the calculation, allocation, designation, billing and purchase of net metering credits. D.P.U. 09-03, at 3. Sections 1.04, 1.05 and 1.06 of the Model Tariff address these issues. The distribution companies believe that these sections address these issues in manner consistent with the Department's proposed regulations at 220 C.M.R. §§ 18.04 and 18.05. However, the distribution companies propose that the Department refine its regulations to both allow the allocation of net metering credits, as required by Section 78, while limiting the administrative burden on the distribution companies to issue such credits.

Specifically, the Model Tariff allows distribution companies to issue net metering credits to Host Customers of a Net Metering Facility through a credit to the customer's account, to the extent that the Host Customer either need not, or chooses not, to allocate such credits to other parties. Should the Host Customer need, or desire, to allocate such credits, the distribution company would be authorized to issue a check to the Host Customer that the customer could use to further allocate the value of the net metering credit. By enabling the distribution companies to provide customers with the value of net metering credits in this manner, the Department will alleviate a large administrative strain on company resources that otherwise would have to be addressed through increased costs in time and labor that will be passed on to distribution customers generally. The distribution companies fully expect to discuss this issue in greater detail during the Department's Technical Session in this docket on April 7, 2009, and through comments filed with the Department in D.P.U. 08-75.

As noted previously, the Model Tariff represents the collective input of the Massachusetts electric distribution companies and is based in large part on the Department's proposed regulations in D.P.U. 08-75. However, because such regulations are subject to comment and further review by the Department in a parallel proceeding, the inclusion in the

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Model Tariff of any terms also included in the proposed regulations should not be construed at this early stage as acceptance by the distribution companies. Accordingly, the distribution companies respectfully reserve their rights to propose modifications to the Model Tariff in the context of the Department's deliberations in D.P.U. 08-75.

Finally, please find appearances of counsel for Amy Rabinowitz and myself on behalf of Massachusetts Electric Company and Nantucket Electric d/b/a National Grid, Jack Habib and Michael Koehler on behalf of NSTAR Electric Company, and Stephen Klionsky on behalf of WMECo. Counsel for Unitil will file an appearance of counsel under separate cover.

Contact information for NSTAR Electric and WMECo on this matter is as follows:

John K. Habib, Esq.  
Michael J. Koehler, Esq.  
Keegan Werlin LLP  
265 Franklin Street  
Boston, MA 02110  
617-951-1400

Stephen Klionsky, Esq.  
Western Massachusetts Electric  
Company  
100 Summer Street, 23rd Floor  
Boston, MA  
617-345-1066

Thank you very much for your time and attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Stacey M. Donnelly". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Stacey M. Donnelly

Enclosures  
cc: Service List

## Applicability

The following tariff provisions shall be applicable to a Host Customer, as defined herein, that requests Net Metering services from the Company, with the exception of a Host Customer that is an electric company, generation company, aggregator, supplier, energy marketer, or energy broker, as those terms are defined in M.G.L. c. 164, §§ 1 and 1F. Service under this rate to any Host Customer is subject to the Company's printed requirements and the Company's Terms and Conditions – Distribution Service, each as in effect from time to time.

## Section 1.01 Definitions

The terms set forth below shall be defined as follows, unless the context otherwise requires.

Agricultural Net Metering Facility shall mean a Renewable Energy generating facility operated as part of an agricultural business that generates electricity that does not have a generation capacity of more than two megawatts and is located on land owned or controlled by the agricultural business and is used to provide energy to metered accounts of the business. "Agriculture" has the same meaning as provided in M.G.L. c. 128, § 1A; provided that, when necessary, the Commissioner of the Department of Agricultural Resources shall determine if a business is an agricultural business.

Billing Period shall mean the period of time set forth in the Company's terms and conditions for which a Distribution Company bills a Customer for its electricity consumed or estimated to have been consumed.

Class I Net Metering Facility shall mean a plant or equipment that is used to produce, manufacture, or otherwise generate electricity and that is not a transmission facility and that has a design capacity of 60 kilowatts or less.

Class II Net Metering Facility shall mean an Agricultural Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than 60 kilowatts but less than or equal to one megawatt; provided, however, that a Class II Net Metering Facility owned or operated by a Customer which is a municipality or other governmental entity may have a generating capacity of more than 60 kilowatts but less than or equal to one megawatt per unit.

Class III Net Metering Facility shall mean an Agricultural Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than one megawatt but less than or equal to two megawatts; provided, however, that a Class III Net Metering Facility owned or operated by a Customer which is a municipality or other governmental entity may have a generating capacity of more than one megawatt but less than or equal to two megawatts per unit.

Company shall mean \_\_\_\_\_.

Customer shall mean a customer of the Company that purchases electricity for its own consumption.

Credit shall mean the monetary value of the electricity generated by a Net Metering Facility, calculated pursuant to Section 1.05, below.

Host Customer shall mean:

- (a) a Customer with a Class I, II, or III Net Metering Facility that generates electricity on the Customer's side of the meter; or
- (b) the Customer, person, group or other entity or organization that controls, owns, or operates a Neighborhood Net Metering Facility.

Interconnection Tariff shall mean the Company's Standards for Interconnecting Distributed Generation, M.D.T.E. No \_\_\_\_\_.

ISO-NE shall mean ISO New England Inc., the independent system operator for New England, or its successor, authorized by the Federal Energy Regulatory Commission to operate the New England bulk power system and administer New England's organized wholesale electricity market pursuant to the ISO-NE Tariff and operation agreements with transmission owners.

Neighborhood shall mean a geographic area within a municipality, subject to the right of the Department to grant exceptions, that:

- (a) is recognized by the residents as including a unique community of interests;
- (b) falls within the service territory of the Company and within a single ISO-NE load zone; and
- (c) may encompass residential, commercial, and undeveloped properties.

Neighborhood Net Metering Facility shall mean a Class I, II, or III Net Metering Facility that is:

- (a) owned by, or serves the energy needs of, a group of ten or more residential Customers that reside in a single Neighborhood and are served by a single Distribution Company; and
- (b) located within the same Neighborhood as the Customers that own or are served by the facility.

Net Metering shall mean the process of measuring the difference between electricity delivered by a Distribution Company and electricity generated by a Class I, Class II, Class III or Neighborhood Net Metering Facility and fed back to the Distribution Company.

Renewable Energy shall mean energy generated from any source that qualifies as a Class I or Class II Renewable Energy generating source under M.G.L. c. 25A, § 11F; provided, however, that after conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.

Solar Net Metering Facility shall mean a facility for the production of electrical energy that uses sunlight to generate electricity and is interconnected to the Company.

Wind Net Metering Facility shall mean a facility for the production of electrical energy that uses wind to generate electricity and is interconnected to the Company.

#### Section 1.02- Interconnection

Interconnection of Net Metering Facilities shall be governed by the terms of the Company's Interconnection Tariff, which sets forth the following information for net-metering services:

- 1) Application procedures;
- 2) Information necessary for requests;
- 3) Metering and technical requirements; and
- 4) Termination and suspension provisions.

The Customer shall indicate its request for net metering on its application pursuant to the Interconnection Tariff.

#### Section 1.03 Qualifications for Neighborhood Net Metering Facilities

The Host Customer of a Neighborhood Net Metering Facility shall fulfill the requirements of the Company's Interconnection Tariff, as noted in Section 1.02, above, and shall further provide and maintain on file with the Company written documentation demonstrating that all parties eligible to receive Credits from the Neighborhood Net Metering Facility meet the terms of the definition of a Neighborhood Net Metering Facility, as provided herein and in the Department's regulations at 220 C.M.R. 18.02.

#### Section 1.04- Administration of Net Metering Credits

1. The Company shall calculate a Net Metering Credit as set forth in Section 1.05 below, and not bill a Host Customer for kilowatt-hour ("kWh") usage, for any Billing Period in which the kilowatt-hours generated by a:
  - (a) Class I, II, or III Net Metering Facility exceed the kilowatt-hour usage of the Host Customer; or

- (b) Neighborhood Net Metering Facility exceed the kilowatt-hour usage of the Neighborhood Net Metering Facility.
- 2. The Company shall bill a Host Customer for the portion of the kWh usage in any Billing Period that for a:
  - (a) Host Customer exceeds the kilowatt-hours generated by a Class I, II or III Net Metering Facility; or
  - (b) Neighborhood Net Metering Facility exceeds the kilowatt-hours generated by the Neighborhood Net Metering Facility.

Section 1.05- Calculation of Net Metering Credits

- 1. For a Class I Wind Net Metering Facility, Class I Solar Net Metering Facility, Class I Agricultural Net Metering Facility, Class II Net Metering Facility, and Class III Net Metering Facility where the Host Customer is a municipality or other governmental entity, the Company shall calculate for each Billing Period a Net Metering Credit equal to the product of the:
  - (a) excess kilowatt-hours, by time-of-use if applicable; and
  - (b) sum of the following Company charges applicable to the rate class under which the Host Customer takes service:
    - (i) the default service kilowatt-hour charge (in the ISO-NE load zone where the Host Customer is located);
    - (ii) the distribution kilowatt-hour charge;
    - (iii) the transmission kilowatt-hour charge; and
    - (iv) the transition kilowatt-hour charge.
- 2. For a Class I Net Metering Facility other than a Class I Wind Net Metering Facility, Class I Agricultural Net Metering Facility, or a Class I Solar Net Metering Facility, the Company shall calculate a Net Metering Credit for each Billing Period as the product of the:
  - (a) excess kilowatt-hours, by time-of-use if applicable; and
  - (b) average monthly clearing price at the ISO-NE.
- 3. For a Class III Net Metering Facility where the Host Customer is not a municipality or governmental entity, the Company shall calculate a Net Metering Credit for each Billing Period as the product of the:

- (a) excess kilowatt-hours, by time-of-use if applicable; and
  - (b) sum of the following Company charges applicable to the rate class under which the Host Customer takes service:
    - (i) the default service kilowatt-hour charge (in the ISO-NE load zone where the Host Customer is located);
    - (ii) the transmission kilowatt-hour charge; and
    - (iii) the transition kilowatt-hour charge.
4. For a Neighborhood Net Metering Facility, the Company shall calculate a Net Metering Credit for each Billing Period in the same manner as set forth in Section 1.05(3), above, by using the Distribution Company charges applicable to the residential rate designated by the Host Customer.
5. The calculation of Net Metering Credits under this section shall not include the demand side management and renewable energy kilowatt-hour charges set forth in M.G.L. c. 25, §§ 19-20.
6. For any Billing Period for which the Company calculates a Net Metering Credit for a Host Customer, the Company shall provide the value of the Net Metering Credit to the Host Customer calculated pursuant to Section 1.05 in the form of either a Credit to the Host Customer's electricity account, to the extent that such Credit need not be allocated to other Customers, or a direct monetary payment to the Host Customer, to the extent that the Host Customer determines that allocation of such Credit is necessary. The Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering Credit balance, to the extent that the Host Customer does not need to allocate Credits to other Customers.

Section 1.06                      Allocation of Net Metering Credits

1. For a Class I or II Wind Net Metering Facility, Solar Net Metering Facility, or Agricultural Net Metering Facility; Class III Net Metering Facility; or Neighborhood Net Metering Facility, the Customer may allocate Net Metering Credits to other Customers who are in the Company's service territory and are located in the same ISO-NE load zone.
2. For a Neighborhood Net Metering Facility, the Host Customer may allocate Net Metering credits only to Customers who reside in the same Neighborhood in which the Neighborhood Net Metering Facility is located and have an ownership interest in the Neighborhood Net Metering Facility.



## Section 1.07                      Net Metering Recovery Surcharge

The charges listed below shall be applied to all kWhs delivered by the Company to a Customer.

### A            Rates

The purpose of the Net Metering Recovery Surcharge (“NMRS”) is to recover the distribution portion of net metering credits paid to customers and the distribution portion of delivery charges displaced by customers who have installed on-site generation facilities in accordance with G.L. c. 164, §§ 138 and 139. This surcharge provides the Company with a mechanism to recover such credits and displaced revenue, and to reconcile actual NMRS revenue amounts recovered from customers with actual recoverable amounts.

### B.          Applicability of NMRS

The NMRS shall be applicable to all firm distribution of electricity, as measured in kWhs, delivered by the Company unless otherwise designated. Although the NMRS is a separate surcharge, it may be included in the Company’s Distribution Charge for billing purposes.

### C.          Effective Date of Annual Surcharge

The date on which the annual NMRS becomes effective shall be the first day of each calendar year, unless otherwise ordered by the Department. The Company shall submit NMRS filings as outlined in Section 1.07(E) of this tariff at least 30 days before the NMRS is proposed to take effect.

### D            NMRS Formula

$$\text{NMRS}_x = (\text{DNMC}_{x-1} + \text{DDR}_{x-1} + \text{PPRA}_{x-1} + \text{I}_x) / \text{FkWh}_x,$$

where

$x$             =        The year over which the surcharge applies

NMRS =        The annual Net Metering Recovery Surcharge

DNMC =        The distribution portion of net metering credits paid to customers the previous year

DDR    =        The distribution portion of revenue displaced by net metering facilities the previous year

$\text{I}_x$         =        The estimated interest calculated monthly in year “x” for the unrecovered balance of the recoverable distribution net metering credits and displaced distribution revenue from the previous year.

PPRA =        The Past Period Reconciliation Amount defined as the difference between (a) the sum of the distribution portion of net credit

amounts actually paid to customers and the distribution portion of revenues actually displaced by net metering facilities in previous years and (b) the revenues actually collected in previous years through the NMRS as approved by the Department

FkWh = The Forecasted kWh defined as the forecasted amount of electricity to be distributed to the Company's distribution customers

E. Information Required to be Filed with the Department

Information pertaining to the annual NMRS shall be filed with the Department at least thirty (30) days before the date on which a new NMRS is requested to be effective. Such filing shall include preliminary reconciliation data for the year in which the filing is made, with final reconciliation amounts to be submitted the subsequent year. The reconciliation data will reflect detailed accounting of distribution net metering credits paid to customers and displaced distribution revenue resulting from net metering facilities. This information will be submitted with each annual NMRS filing, along with complete documentation of the reconciliation-adjustment calculations.

F. Customer Notification

The Company will notify customers in simple terms of changes to the NMRS, including the nature of the change and the manner in which the NMRS is applied to the bill. In the absence of a standard format, the Company will submit this notice for approval at the time of each NMRS filing. Upon approval by the Department, the Company must immediately distribute these notices to all of its distribution customers either through direct mail or with its bills.

G. Recovery of Other Revenue Components

The Company will recover the default service, transmission and transition revenue portions of the net metering credits paid to customers through the usual annual reconciliation processes in place for such charges.

H. Commodity Reconciliation

The Company will reconcile default service commodity credits allocated within the net metering credits given to customers through the Company's current annual default service commodity reconciliation proceeding. The Net Metering Customer shall provide all necessary information to, and cooperate with, the Company to enable the Company to obtain the appropriate asset identification for reporting generation to ISO -NE. The Company will report all exported power to the ISO-NE as a settlement only generator and net this reported usage and credits earned against the amount of default service commodity earned as a portion of the net metering credits. The resulting amount will then be filed within the Company's annual default service commodity reconciliation proceeding.

Section 1.08                      Closure of Tariff to New Customers

Service under this tariff is closed to new applicants upon determination by the Company that the aggregate capacity of all Class I, II, III, and Neighborhood Net Metering facilities has reached one percent of the Company's actual, historic peak load. Immediately following approval of this tariff by the Department, the Department will establish such peak load, based on the Company's peak load for the prior calendar year, and updated prospectively on an annual basis thereafter. Additional applications may be accepted, for incremental aggregated capacity associated with one percent of prospective increases in the Company's peak load. The calculation of aggregated capacity shall be in accordance with 220 C.M.R. 18.07.

## Applicability

The following tariff provisions shall be applicable to a Host Customer, as defined herein, that requests Net Metering services from the Company, with the exception of a Host Customer that is an electric company, generation company, aggregator, supplier, energy marketer, or energy broker, as those terms are defined in M.G.L. c. 164, §§ 1 and 1F. Service under this rate to any Host Customer is subject to the Company's printed requirements and the Company's Terms and Conditions – Distribution Service, each as in effect from time to time.

### Section 1.01 Definitions

The terms set forth below shall be defined as follows, unless the context otherwise requires.

Agricultural Net Metering Facility shall mean a Renewable Energy generating facility operated as part of an agricultural business that generates electricity that does not have a generation capacity of more than two megawatts and is located on land owned or controlled by the agricultural business and is used to provide energy to metered accounts of the business. "Agriculture" has the same meaning as provided in M.G.L. c. 128, § 1A; provided that, when necessary, the Commissioner of the Department of Agricultural Resources shall determine if a business is an agricultural business.

Billing Period shall mean the period of time set forth in the Company's terms and conditions for which a Distribution Company bills a Customer for its electricity consumed or estimated to have been consumed.

Class I Net Metering Facility shall mean a plant or equipment that is used to produce, manufacture, or otherwise generate electricity and that is not a transmission facility and that has a design capacity of 60 kilowatts or less.

Class II Net Metering Facility shall mean an Agricultural Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than 60 kilowatts but less than or equal to one megawatt; provided, however, that a Class II Net Metering Facility owned or operated by a Customer which is a municipality or other governmental entity may have a generating capacity of more than 60 kilowatts but less than or equal to one megawatt per unit.

Class III Net Metering Facility shall mean an Agricultural Net Metering Facility, Solar Net Metering Facility, or Wind Net Metering Facility with a generating capacity of more than one megawatt but less than or equal to two megawatts; provided, however, that a Class III Net Metering Facility owned or operated by a Customer which is a municipality or other governmental entity may have a generating capacity of more than one megawatt but less than or equal to two megawatts per unit.

Company shall mean \_\_\_\_\_.

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Customer shall mean, a customer of the Company that purchases electricity for its own consumption.

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Credit shall mean the monetary value of the electricity generated by a Net Metering Facility, calculated pursuant to Section 1.05, below.

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Host Customer shall mean:

- (a) a Customer with a Class I, II, or III Net Metering Facility that generates electricity on the Customer's side of the meter; or
- (b) the Customer, person, group or other entity or organization that controls, owns, or operates a Neighborhood Net Metering Facility.

Interconnection Tariff shall mean the Company's Standards for Interconnecting Distributed Generation, M.D.T.E. No

ISO-NE shall mean ISO New England Inc., the independent system operator for New England, or its successor, authorized by the Federal Energy Regulatory Commission to operate the New England bulk power system and administer New England's organized wholesale electricity market pursuant to the ISO-NE Tariff and operation agreements with transmission owners.

Neighborhood shall mean a geographic area within a municipality, subject to the right of the Department to grant exceptions, that:

- (a) is recognized by the residents as including a unique community of interests;
- (b) falls within the service territory of the Company and within a single ISO-NE load zone; and
- (c) may encompass residential, commercial, and undeveloped properties.

Neighborhood Net Metering Facility shall mean a Class I, II, or III Net Metering Facility that is:

- (a) owned by, or serves the energy needs of, a group of ten or more residential Customers that reside in a single Neighborhood and are served by a single Distribution Company; and
- (b) located within the same Neighborhood as the Customers that own or are served by the facility.

Net Metering shall mean the process of measuring the difference between electricity delivered by a Distribution Company and electricity generated by a Class I, Class II, Class III or Neighborhood Net Metering Facility and fed back to the Distribution Company.

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Renewable Energy shall mean energy generated from any source that qualifies as a Class I or Class II Renewable Energy generating source under M.G.L. c. 25A, § 11F; provided, however, that after conducting administrative proceedings, the Department of Energy Resources, in consultation with the Department of Agricultural Resources, may add technologies or technology categories.

Solar Net Metering Facility shall mean a facility for the production of electrical energy that uses sunlight to generate electricity and is interconnected to the Company.

Wind Net Metering Facility shall mean a facility for the production of electrical energy that uses wind to generate electricity and is interconnected to the Company.

#### Section 1.02- Interconnection

Interconnection of Net Metering Facilities shall be governed by the terms of the Company's Interconnection Tariff, which sets forth the following information for net-metering services:

- 1) Application procedures;
- 2) Information necessary for requests;
- 3) Metering and technical requirements; and
- 4) Termination and suspension provisions.

The Customer shall indicate its request for net metering on its application pursuant to the Interconnection Tariff.

#### Section 1.03 Qualifications for Neighborhood Net Metering Facilities

The Host Customer of a Neighborhood Net Metering Facility shall fulfill the requirements of the Company's Interconnection Tariff, as noted in Section 1.02, above, and shall further provide and maintain on file with the Company written documentation demonstrating that all parties eligible to receive Credits from the Neighborhood Net Metering Facility meet the terms of the definition of a Neighborhood Net Metering Facility, as provided herein and in the Department's regulations at 220 C.M.R. 18.02.

#### Section 1.04- Administration of Net Metering Credits

1. The Company shall calculate a Net Metering Credit as set forth in Section 1.05 below, and not bill a Host Customer for kilowatt-hour ("kWh") usage, for any Billing Period in which the kilowatt-hours generated by a:
  - (a) Class I, II, or III Net Metering Facility exceed the kilowatt-hour usage of the Host Customer; or

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(b) Neighborhood Net Metering Facility exceed the kilowatt-hour usage of the Neighborhood Net Metering Facility.

2. The Company shall bill a Host Customer for the portion of the kWh usage in any Billing Period that for a:

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(a) Host Customer exceeds the kilowatt-hours generated by a Class I, II or III Net Metering Facility; or

(b) Neighborhood Net Metering Facility exceeds the kilowatt-hours generated by the Neighborhood Net Metering Facility.

#### Section 1.05- Calculation of Net Metering Credits

1. For a Class I Wind Net Metering Facility, Class I Solar Net Metering Facility, Class I Agricultural Net Metering Facility, Class II Net Metering Facility, and Class III Net Metering Facility where the Host Customer is a municipality or other governmental entity, the Company shall calculate for each Billing Period a Net Metering Credit equal to the product of the:

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(a) excess kilowatt-hours, by time-of-use if applicable; and

(b) sum of the following Company charges applicable to the rate class under which the Host Customer takes service:

(i) the default service kilowatt-hour charge (in the ISO-NE load zone where the Host Customer is located);

(ii) the distribution kilowatt-hour charge;

(iii) the transmission kilowatt-hour charge; and

(iv) the transition kilowatt-hour charge.

2. For a Class I Net Metering Facility other than a Class I Wind Net Metering Facility, Class I Agricultural Net Metering Facility, or a Class I Solar Net Metering Facility, the Company shall calculate a Net Metering Credit for each Billing Period as the product of the:

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(a) excess kilowatt-hours, by time-of-use if applicable; and

(b) average monthly clearing price at the ISO-NE.

3. For a Class III Net Metering Facility where the Host Customer is not a municipality or governmental entity, the Company shall calculate a Net Metering Credit for each Billing Period as the product of the:

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- (a) excess kilowatt-hours, by time-of-use if applicable; and
- (b) sum of the following Company charges applicable to the rate class under which the Host Customer takes service:
  - (i) the default service kilowatt-hour charge (in the ISO-NE load zone where the Host Customer is located);
  - (ii) the transmission kilowatt-hour charge; and
  - (iii) the transition kilowatt-hour charge.

4. For a Neighborhood Net Metering Facility, the Company shall calculate a Net Metering Credit for each Billing Period in the same manner as set forth in Section 1.05(3), above, by using the Distribution Company charges applicable to the residential rate designated by the Host Customer.

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5. The calculation of Net Metering Credits under this section shall not include the demand side management and renewable energy kilowatt-hour charges set forth in M.G.L. c. 25, §§ 19-20.

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6. For any Billing Period for which the Company calculates a Net Metering Credit for a Host Customer, the Company shall provide the value of the Net Metering Credit to the Host Customer calculated pursuant to Section 1.05 in the form of either a Credit to the Host Customer's electricity account, to the extent that such Credit need not be allocated to other Customers, or a direct monetary payment to the Host Customer, to the extent that the Host Customer determines that allocation of such Credit is necessary. The Company shall carry forward, from Billing Period to Billing Period, any remaining Net Metering Credit balance, to the extent that the Host Customer does not need to allocate Credits to other Customers.

#### Section 1.06 Allocation of Net Metering Credits

1. For a Class I or II Wind Net Metering Facility, Solar Net Metering Facility, or Agricultural Net Metering Facility; Class III Net Metering Facility; or Neighborhood Net Metering Facility, the Customer may allocate Net Metering Credits to other Customers who are in the Company's service territory and are located in the same ISO-NE load zone.

2. For a Neighborhood Net Metering Facility, the Host Customer may allocate Net Metering credits only to Customers who reside in the same Neighborhood in which the Neighborhood Net Metering Facility is located and have an ownership interest in the Neighborhood Net Metering Facility.



## Section 1.07        Net Metering Recovery Surcharge

The charges listed below shall be applied to all kWhs delivered by the Company to a Customer.

### A        Rates

The purpose of the Net Metering Recovery Surcharge (“NMRS”) is to recover the distribution portion of net metering credits paid to customers and the distribution portion of delivery charges displaced by customers who have installed on-site generation facilities in accordance with G.L. c. 164, §§ 138 and 139. This surcharge provides the Company with a mechanism to recover such credits and displaced revenue, and to reconcile actual NMRS revenue amounts recovered from customers with actual recoverable amounts.

### B.        Applicability of NMRS

The NMRS shall be applicable to all firm distribution of electricity, as measured in kWhs, delivered by the Company unless otherwise designated. Although the NMRS is a separate surcharge, it may be included in the Company’s Distribution Charge for billing purposes.

### C.        Effective Date of Annual Surcharge

The date on which the annual NMRS becomes effective shall be the first day of each calendar year, unless otherwise ordered by the Department. The Company shall submit NMRS filings as outlined in Section 1.07(E) of this tariff at least 30 days before the NMRS is proposed to take effect.

### D        NMRS Formula

$$\text{NMRS}_x = (\text{DNMC}_{x-1} + \text{DDR}_{x-1} + \text{PPRA}_{x-1} + I_x) / \text{FkWh}_x$$

where

x                    =        The year over which the surcharge applies

NMRS =            The annual Net Metering Recovery Surcharge

DNMC =           The distribution portion of net metering credits paid to customers the previous year

DDR    =           The distribution portion of revenue displaced by net metering facilities the previous year

I<sub>x</sub>            =        The estimated interest calculated monthly in year “x” for the unrecovered balance of the recoverable distribution net metering credits and displaced distribution revenue from the previous year.

PPRA =            The Past Period Reconciliation Amount defined as the difference between (a) the sum of the distribution portion of net credit

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amounts actually paid to customers and the distribution portion of revenues actually displaced by net metering facilities in previous years and (b) the revenues actually collected in previous years through the NMRS as approved by the Department

FkWh = The Forecasted kWh defined as the forecasted amount of electricity to be distributed to the Company's distribution customers

E. Information Required to be Filed with the Department

Information pertaining to the annual NMRS shall be filed with the Department at least thirty (30) days before the date on which a new NMRS is requested to be effective. Such filing shall include preliminary reconciliation data for the year in which the filing is made, with final reconciliation amounts to be submitted the subsequent year. The reconciliation data will reflect detailed accounting of distribution net metering credits paid to customers and displaced distribution revenue resulting from net metering facilities. This information will be submitted with each annual NMRS filing, along with complete documentation of the reconciliation-adjustment calculations.

F. Customer Notification

The Company will notify customers in simple terms of changes to the NMRS, including the nature of the change and the manner in which the NMRS is applied to the bill. In the absence of a standard format, the Company will submit this notice for approval at the time of each NMRS filing. Upon approval by the Department, the Company must immediately distribute these notices to all of its distribution customers either through direct mail or with its bills.

G. Recovery of Other Revenue Components

The Company will recover the default service, transmission and transition revenue portions of the net metering credits paid to customers through the usual annual reconciliation processes in place for such charges.

H. Commodity Reconciliation

The Company will reconcile default service commodity credits allocated within the net metering credits given to customers through the Company's current annual default service commodity reconciliation proceeding. The Net Metering Customer shall provide all necessary information to, and cooperate with, the Company to enable the Company to obtain the appropriate asset identification for reporting generation to ISO -NE. The Company will report all exported power to the ISO-NE as a settlement only generator, and net this reported usage and credits earned against the amount of default service commodity earned as a portion of the net metering credits. The resulting amount will then be filed within the Company's annual default service commodity reconciliation proceeding.

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Section 1.08                      Closure of Tariff to New Customers

Service under this tariff is closed to new applicants upon determination by the Company that the aggregate capacity of all Class I, II, III, and Neighborhood Net Metering facilities has reached one percent of the Company's actual, historic peak load. Immediately following approval of this tariff by the Department, the Department will establish such peak load, based on the Company's peak load for the prior calendar year, and updated prospectively on an annual basis thereafter. Additional applications may be accepted, for incremental aggregated capacity associated with one percent of prospective increases in the Company's peak load. The calculation of aggregated capacity shall be in accordance with 220 C.M.R. 18.07.

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**THE COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF PUBLIC UTILITIES**

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**Investigation by the Department of Public  
Utilities to Develop Tariffs Governing Net  
Metering Under An Act Relative to Green  
Communities, St. 2008, c, 169, §79**

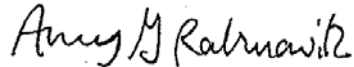
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**D.P.U. 09-03**

**APPEARANCE OF COUNSEL**

In the above referenced proceeding, I hereby appear for and on behalf of  
Massachusetts Electric Company and Nantucket Electric Company, d/b/a National Grid.

Respectfully submitted,



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Amy G. Rabinowitz  
National Grid  
201 Jones Road, 5<sup>th</sup> Floor  
Waltham, MA 02451  
(781) 907-1830  
amy.rabinowitz@us.ngrid.com

Dated: March 27, 2009

**THE COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF PUBLIC UTILITIES**

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**Investigation by the Department of Public  
Utilities to Develop Tariffs Governing Net  
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Communities, St. 2008, c, 169, §79**

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**D.P.U. 09-03**

**APPEARANCE OF COUNSEL**

In the above referenced proceeding, I hereby appear for and on behalf of  
Massachusetts Electric Company and Nantucket Electric Company, d/b/a National Grid.

Respectfully submitted,



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Stacey M. Donnelly  
National Grid  
201 Jones Road, 5<sup>th</sup> Floor  
Waltham, MA 02451  
(781) 907-1833  
stacey.donnelly@us.ngrid.com

Dated: March 27, 2009

**THE COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF PUBLIC UTILITIES**

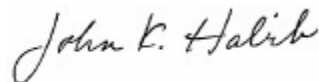
D.P.U. 09-03

**ON BEHALF OF NSTAR ELECTRIC COMPANY**

**APPEARANCE OF COUNSEL**

In the above referenced proceeding, I hereby appear for and on behalf of NSTAR Electric Company.

Respectfully Submitted,

A handwritten signature in cursive script that reads "John K. Habib".

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John K. Habib  
Keegan Werlin LLP  
265 Franklin Street  
Boston, MA 02110  
TEL: (617) 951-1400  
FAX: (617) 951-1400

DATED: March 27, 2009

**THE COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF PUBLIC UTILITIES**

D.P.U. 09-03

**ON BEHALF OF NSTAR ELECTRIC COMPANY**

**APPEARANCE OF COUNSEL**

In the above referenced proceeding, I hereby appear for and on behalf of NSTAR Electric Company.

Respectfully Submitted,



---

Michael J. Koehler  
Keegan Werlin LLP  
265 Franklin Street  
Boston, MA 02110  
TEL: (617) 951-1400  
FAX: (617) 951-1400

DATED: March 27, 2009

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF PUBLIC UTILITIES**

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Investigation by the Department of Public Utilities )  
to Develop Tariffs Governing Net Metering Under An )  
Act Relative to Green Communities, St. 2008, c, 169, §79. )


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D.P.U. 09-03

**APPEARANCE OF COUNSEL**

Please enter my appearance on behalf of Western Massachusetts Electric Company in the above-captioned proceeding.

Respectfully submitted,



Stephen Klionsky  
100 Summer St., 23<sup>rd</sup> Floor  
Boston, MA  
617 345-1066  
[klionsh@nu.com](mailto:klionsh@nu.com)

March 27, 2009